

**Security Council**

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**Progress report of the Secretary-General on the
United Nations Mission of Support in East Timor**

(for the period from 14 August to 9 November 2004)

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1543 (2004) of 14 May 2004, in which the Council decided to extend the mandate of the United Nations Mission of Support in East Timor (UNMISET) for a period of six months, with a view to subsequently extending the mandate for a further and final period of six months, until 20 May 2005. In paragraph 6 of that resolution, the Council requested me to keep it closely and regularly informed of developments on the ground and of the implementation of the resolution, in particular with regard to progress towards achievement of key tasks of the Mission's mandate, by submitting a report within three months of the date of the adoption of the resolution, and every three months thereafter. In paragraph 7 the Council requested that recommendations on the tasks and configuration of the police and military components be included for review by the Security Council in November 2004. The present report reviews the activities of UNMISET since my report of 13 August 2004 (S/2004/669) and includes recommendations based on the findings of an integrated technical assessment mission that visited Timor-Leste in October 2004.

II. Recent political developments in Timor-Leste

2. During the reporting period, Timor-Leste remained peaceful and stable after the demonstration dispersed by the police with the use of tear gas on 20 July. The Government has made considerable efforts to address pressing issues confronting the country, including the veterans issue and violence between martial arts groups. Following successful voter registration, preparations for local elections are under way. The National Parliament has made determined efforts to select the *Provedor* for Human Rights and Justice, but so far without success. Timor-Leste's relations with neighbouring countries continue to grow, but this has not yet resulted in any concrete agreements on border delineation and other pending issues.

3. The 2004/2005 legislative session of the National Parliament, which convened on 21 September after its summer recess, has been presented with a number of important bills for its consideration, including bills on assembly and



demonstrations, an organic law for the Prosecutor General, amendments to the Law on Judicial Magistrates, and an extension of the Commission for Reception, Truth and Reconciliation, as well as the report of the Commission for Former Combatants Affairs and the Commission for Veterans Affairs. With regard to the bill on assembly and demonstrations, concerns have been raised by some human rights groups about the provisions relating to restrictions on the organization and conduct of demonstrations. This shows once again the desirability of broadening dialogue and debate between the Government and civil society on many of the important issues before the Parliament.

4. On 16 and 17 August, the Parliament held an extraordinary session during its recess to choose the Provedor for Human Rights and Justice. However, after two rounds of voting, none of the three nominees garnered sufficient votes. Parliament subsequently reopened nominations for the post on 5 October and on 25 October made a second attempt to select the Provedor from two candidates. Once again, neither of the two candidates obtained the absolute majority of votes required for appointment. Given the importance of the post, Parliament should work towards an early appointment of the Provedor.

5. Voter registration for local elections was completed on 31 July, and some 400,000 people registered to vote. The process had generally gone well, but some members of an opposition political group were arrested in a number of districts in connection with allegations of preventing people from registering or destroying voter registration cards. The incidents suggest that close monitoring at the time of balloting will probably be necessary in those places.

6. The National Electoral Commission and the Technical Secretariat for Electoral Administration continued to make preparations for local Suco Chief and Suco Council elections. The Government is planning to conduct the local elections in a phased manner throughout the country before the start of the next fiscal year in July 2005. On 22 October, the National Electoral Commission approved the procedures for the nomination of candidates but it has yet to announce an electoral calendar and to approve a number of other procedures, among them procedures for polling and the counting of votes. Civic education on the elections is currently being carried out. President Gusmão is travelling to the districts, together with representatives of the Government, to talk to the local people as part of his Open Presidency Programme. So far, the President has visited four districts. The Prime Minister, Mari Alkatiri, also devotes considerable time to civic education during his visits to different parts of the country.

7. Realizing the urgent need for solutions of the veterans issue following the demonstrations in Dili on 19 and 20 July by a group composed mainly of veterans, the Timorese leadership has made a series of efforts to address the grievances of former resistance members and other disgruntled groups. As reported to the Security Council earlier, a National Dialogue between veterans and State institutions was held on 21 August and a final declaration was issued outlining the commitments of the two sides. Neither side was satisfied with the outcome of the Dialogue, however. In an effort to move towards a resolution of the veterans issue, President Gusmão arranged for a prominent veteran leader to hold a follow-up meeting with the Prime Minister to discuss the concerns of the veterans. While both have expressed their willingness to talk, the meeting has yet to be held. Meanwhile, the Prime Minister held a meeting with the diplomatic corps in Dili on 26 October, soliciting their

support for a programme that would recognize and honour the contributions made by the veterans and ex-combatants, help their reintegration into civilian life and provide financial assistance to the neediest among them and their families. International assistance will constitute a critical element for the successful resolution of this issue.

8. At the same time, the Parliamentary Ad Hoc Committee on Veterans Affairs is considering the final report of the Commission for Former Combatants Affairs and the Commission for Veterans Affairs. As the Committee did not make significant progress before 14 September, the deadline for its final report, it has been granted an extension of its mandate and a possible broadening of its responsibilities, including the drafting of legislation on the recognition of veterans.

9. While work on the report of the Commission for Former Combatants Affairs and the Commission for Veterans Affairs, which relates to armed members of the resistance, is going on, President Gusmão has constituted the Commission for Resistance Cadres Affairs to identify civilian members of the resistance. Given the complexity of the issue, including the fact that more people claim to have been part of the civilian resistance than the armed resistance, and that those structures are less clear, that Commission is likely to face an enormous challenge in implementing its mandate.

10. Efforts have also been made by the Government to curb the recent upsurge in violent incidents between martial arts groups. Early in October, the Minister for Foreign Affairs, José Ramos-Horta, travelled to one of the scenes of the recent violence to seek a possible solution. On 27 October, Timorese national police, assisted by the Office of the President, organized a workshop attended by martial arts groups and State institutions concerned to discuss possible initiatives to solve the problem.

11. On 18 August, President Gusmão provided members of the diplomatic corps and UNMISET with a copy of the final report of the Independent Commission of Inquiry into the incident of 24 January at Los Palos, where members of the armed forces (F-FDTL) were involved in a confrontation with police. The report presents a general overview of the present poor conditions of F-FDTL, proposing some solutions to the problems confronting them, but does not address the issue of individual accountability for misconduct in the incident. Strict action regarding those members of F-FDTL who are found responsible for this serious assault on civil authority would be an important first step towards resolving the many problems of the armed forces.

12. In September, with the support of UNMISET and several United Nations programmes, the Government formally launched a reporting process on its implementation of seven core human rights treaties to which Timor-Leste has acceded. The incorporation of the human rights treaties into the domestic law of Timor-Leste in May 2002 represents an important step towards the implementation of international human rights standards. Full implementation of the standards requires however that all universally recognized human rights, including freedom of speech, press and assembly, are duly respected and protected.

13. Relations between Timor-Leste and Indonesia have been strengthened by the visit of Prime Minister Alkatiri to Jakarta from 19 to 22 October, on the occasion of the swearing-in of the new President of Indonesia, Susilo Bambang Yudhoyono. The

participation of Foreign Minister Horta in Indonesian independence celebrations at Kupang, western Timor, in August is another sign of improving relations between the two countries. However, border demarcation talks did not result in a final agreement in October as had been expected, although the two sides met twice, once in September and once in October. It is most important that good relations find concrete expression in the solution of pending bilateral issues. The two countries need to speedily finalize agreement on their land border to promote stability and peace in the region. UNMISET stands ready to continue supporting both countries in their joint endeavours in this regard.

14. The second round of maritime boundary negotiations with Australia was held in Canberra and Darwin in the last two weeks of September and again in Dili at the end of October. It is hoped that a mutually beneficial arrangement that permits the successful exploitation of petroleum and natural gas resources in the area will be concluded as early as possible.

15. On 19 September, an Indonesian naval ship entered Timor-Leste territorial waters when pursuing a private tour boat. Shortly afterwards, it returned to Indonesian waters. On 2 November, Indonesian military personnel crossed the Tactical Coordination Line in the Cruz area in Oecussi. It is hoped that no such incidents will recur in the future, so as not to affect the friendly relationship which the leaders of the two countries have nurtured so effectively.

III. Contribution of the United Nations

A. Role of the Mission

16. Following discussions on my previous report (S/2004/669) in the Security Council on 24 August 2004, my Special Representative constituted eight working groups to address some of the concerns highlighted by Member States. The groups bring together all parties, including the Government of Timor-Leste, UNMISET, United Nations agencies and Bretton Woods institutions, non-governmental organizations and other bilateral and multilateral partners. The groups are intended to assist in the timely identification of activities required for a smooth transition from the peacekeeping and peace-building operation to more traditional institution-building and sustainable developmental assistance.

17. A coordinated and systematic campaign of public information within the country will be critical as the Mission draws to a close to reassure the local population of the continuation of international assistance from the wider United Nations system and other bilateral and multilateral development partners. This process is already under way, by means of a new programme broadcast weekly on national radio in Tetum, the local language.

18. In accordance with Security Council resolution 1543 (2004), an integrated technical assessment mission from United Nations Headquarters visited Timor-Leste early in October to review the situation on the ground. During its visit, the mission had extensive discussions with Timorese leaders, non-governmental organizations and members of civil society, political parties, representatives of the diplomatic community, United Nations programmes and agencies, the Bretton Woods institutions and UNMISET. The mission also travelled to the border districts.

19. The mission found that, since the inception of the UNMISET consolidation phase in May 2004, Timor-Leste has made further progress in developing key State institutions and security agencies, and has adopted a number of important pieces of legislation. Nevertheless, major challenges remain and continuing international assistance is essential. There is a consensus view that UNMISET should maintain its current tasks, composition and size, including those of the military and police components, until May 2005. Further details of the findings of the assessment mission are provided below.

Programme I

Support for the public administration and justice system of Timor-Leste and for justice in the area of serious crimes

1. Support to the public administration and justice system

20. While further progress has been made during the reporting period, the development of the Timorese public administration continues to require substantial international assistance in the short and medium term. Recruitment of Timorese counterparts to key posts has improved noticeably. Some State institutions have made significant progress towards becoming less reliant on international experts, such as the Banking and Payment Authority, in which all senior management posts are now fully staffed by Timorese. Nevertheless, some other key positions remain unfilled, such as those of Permanent Secretaries in a number of ministries, and Timorese nationals still need to be recruited for many middle management posts. Overall, many State institutions continue to depend on international advisers to function effectively. This is most evident in the justice and finance sectors, where specialized training in the fields of law, accountancy and auditing is required to achieve professional knowledge and skills. To date, some international advisers continue to perform line functions because of a lack of skilled and experienced Timorese nationals.

21. While the 58 UNMISET civilian advisers continue to provide training and mentoring to their Timorese counterparts, as part of the overall approach to institutional capacity development, their role has changed from one of individual coaching and mentoring to one geared towards institutional capacity development. With a view to the completion of the Mission's mandate in May 2005, the advisers promote increased ownership by State institutions throughout all capacity development steps through the direct involvement and participation of the Capacity Development Coordination Unit under the Office of the Prime Minister. Capacity development activities focus on three areas in particular: skills and knowledge, systems and processes, and attitudes and behaviour. Concrete action plans are being finalized to guide activities in the coming period. Together with the State institutions, the advisers are formulating exit strategies to ensure sustainability of support after the end of the UNMISET mandate. This will involve identifying partners to provide assistance beyond May 2005.

22. The justice sector remains particularly weak. Together with the United Nations Development Programme (UNDP) and other partners, UNMISET continues to support the institutional capacity development of this sector, where 21 international advisers are working with a view to establishing an independent judiciary in the

country. However, most of the advisers so far either have no counterparts who possess legal training or have no counterparts at all.

23. Four international judges have recently been recruited to work in the district courts, which has contributed to the functioning of those courts and the reduction of the backlog of ordinary criminal cases. While drafts of a criminal code and a criminal procedures code are currently under consideration, an organic law for the Prosecutor General has been drafted with the help of UNMISSET advisers and awaits approval by the Government before being submitted to the National Parliament. Once adopted, these pieces of legislation will contribute to clarifying the roles and competencies of the police and the prosecution service.

24. National judges are undergoing mandatory training at the Judicial Training Centre, which is conducted by UNMISSET advisers since there are insufficient Timorese jurists available to carry out professional, post-graduate training for the positions in question. The first class, consisting of 61 judges, prosecutors and public defenders, has commenced a 36-month training programme. Confirmation of appointments in those capacities will be subject to successful completion of the training programme. To address the acute shortage of interpreters and translators in the justice sector, a training programme for national interpreters and translators was launched in October.

25. During the planning for the UNMISSET consolidation phase, the 58 civilian adviser positions were carefully identified by UNMISSET together with the Government, UNDP and other partners. The objective was to meet the most critical needs of Timor-Leste for external assistance. Their work was to be complemented by a UNDP-managed assistance programme of 102 civilian advisers. Owing to a lack of funding, only 50 civilian advisers have been recruited so far under the UNDP programme. Developments over the past six months have proved that the work of the civilian advisers is essential in supporting the country's efforts to establish fundamental legal and institutional frameworks and in ensuring the continued functioning and stability of vital institutions while the Timorese develop their own capacity.

26. This report and my last report have recorded the achievements that Timor-Leste has made since May 2004. However, it is also clear that the public administration and justice system are still weak and fragile and that continuing international assistance remains indispensable at the present stage. It is generally agreed that the retention of the 58 civilian adviser positions within UNMISSET for the next six months will be most important, and I concur with that view. It would be premature to reduce their number now, as that would undoubtedly affect vital functions of the government institutions. Over the next six months, the advisers will continue to train their Timorese counterparts, assist in the development of legal frameworks, and help to ensure the effective and stable functioning of public institutions. At the same time, a coherent and effective exit strategy must be developed so that, when the advisers depart next May, their functions will be taken over by Timorese or by other bilateral or multilateral partners.

2. Support for justice in the area of serious crimes

27. Since my last report to the Council, the serious crimes process has continued its focus upon achieving the requirements of paragraph 8 of resolution 1543 (2004). The Serious Crimes Unit is in the process of concluding investigations that have

concentrated on those who organized the violence and the most egregious direct perpetrators. It is expected that several indictments involving approximately 25 accused persons will be approved and filed by the end of November. Those indictments are unlikely to result in additional trials since the whereabouts of the accused are unknown, with the exception of one individual currently in custody for the murders of two United Nations national staff on the day of the popular consultation.

28. It is expected that five trials involving 19 accused persons will be completed and that seven trials involving 12 accused persons will remain pending at the end of the year. Cognizant of the requirement to conclude all trials by May 2005, the Serious Crimes Unit has refrained from filing other cases that would be likely to result in additional trials. In order to complete this significant number of cases before 20 May 2005, the Special Panels have expanded the hours during which trials are heard in the one available courtroom and are attempting to make arrangements for the use of a second courtroom on at least a part-time basis. Because of the ongoing mandatory training for national judicial staff, trials have been rescheduled to accommodate the reduced availability of national judges to sit on the Panels.

29. During the reporting period, the Serious Crimes Unit filed 60 additional arrest warrant applications with the Special Panels. The Special Panels issued 39 arrest warrants during the period, leaving 88 arrest warrant applications now pending. To date, the Panels have issued 153 arrest warrants on serious crimes cases while rejecting three applications.

30. The Unit plans to return all identified bodies to the victims' families and to bury unidentified remains; all available information about the bodies will be handed over to the national authorities.

31. The Unit is also preparing to make its work to date accessible to national or other appropriate authorities when the Mission ends in May 2005. For that purpose, the vast quantities of evidentiary and legal materials are being carefully organized while the confidentiality of sensitive witness information is being protected.

32. As noted in my previous reports, it may not be possible for the serious crimes process to fully respond to the desire for justice of those affected by the violence in 1999 within the limited time and resources that remain available. Various proposals and efforts continue to be made to address this question. They are being examined in depth with a view to identifying the most effective arrangement for resolving this issue.

33. The Commission for Reception, Truth and Reconciliation is focusing on the preparation of its final report. UNMISSET continues to provide critical support to the work of the Commission, including technical advice in the area of justice and security, participation in small focal groups, and assistance with the drafting of the legal background chapter for the final report.

Programme II

Support to the development of law enforcement in Timor-Leste

34. The operational effectiveness, as well as the training and development of the national police of Timor-Leste (PNTL), had been adversely affected, among other things by the lack of a suitable legal framework. Following the promulgation of the Police Organic Law and the Disciplinary Code in May and June 2004, respectively, both the regular police and the special units have shown some improvement in many of their professional areas. UNMISSET civilian police advisers have played a critical role in the development of PNTL capacity.

35. At this stage, UNMISSET civilian police advisers continue to play a key role in providing in-service training and mentoring to the national police, facilitated by their deployment alongside PNTL officers, in close coordination with other bilateral and multilateral police training programmes. In addition, specialist training on subjects such as crime scene investigation and evidence handling, autopsy procedure, defensive tactics and crowd control, and domestic violence awareness is provided to national and special units.

36. As previously reported, UNMISSET has developed a PNTL skills development plan based on the results of a survey of national police officers. The implementation of the plan to address the critical gaps in police capacity commenced on 20 September; it is conducted by the UNMISSET police advisers at the district and sub-district levels through training of trainers to ensure long-term sustainability. If the objectives proposed in the approved skills development plan are to be fully achieved by May 2005, the number of police advisers needs to remain at the authorized level of up to 157 and the current structure of the UNMISSET police component should remain unchanged.

37. The second phase of training by UNMISSET advisers for the Police Reserve Unit that started in June was successfully completed late in August. Following the Government's decision to assign the Unit a new role focused on combating organized crime and terrorism, an additional three-month period of in-service training was considered necessary and is currently under way to further improve the Unit's capabilities. Since the incident on 20 July, in which police officers reacted with excessive force to disperse a largely peaceful demonstration, the Rapid Intervention Unit has also been undergoing additional training, as the Prime Minister requested of my Special Representative. The training covers all aspects of the Unit's professional role, but is focused on the areas of leadership, command and control, and the handling of demonstrations and riots, which should improve its performance in a similar situation in the future.

38. The Border Police Unit is almost at its anticipated strength of 300, including 296 trained personnel having responsibility for all junction points in the three border districts. The UNMISSET police component has developed a specific in-service training module for all border patrol officers, to be delivered in the coming months, focusing on the handling of firearms and the use of force.

39. The Marine Unit of the national police has a limited response capability, being equipped with just two dinghies. The vessels are unsuitable for open waters and are both based in Dili. This leaves the rest of the coastline exposed to smuggling and other illegal activities and the economic zone largely unprotected against illegal fishing.

40. The efforts of UNMISSET have been complemented by other bilateral and multilateral police development assistance programmes. The first of a series of "train the trainers" courses conducted by Australian trainers began on 11 October as part of the Australia/United Kingdom assistance programme. A total of 50 national police officers will be trained over a two-month period. China, Malaysia and Thailand are cooperating on the training and development of the senior and middle management of the police force, offering various specialized courses. Malaysia has also provided assistance in the training of trainers at the Police College and to the newly formed Police Reserve Unit and the Rapid Intervention Unit. The United States of America recently decided to provide additional assistance to the national police through training in specialized areas such as counter-insurgency and forensics.

41. Assisted by the training and mentoring efforts reported above, the development of the national police force continued to make progress during the reporting period. PNTL officers are gradually improving their skills and gaining experience in many areas of policing. They are increasingly capable of carrying out regular daily policing operations. With the promulgation of the Organic Law that defines the role of PNTL, a process of revising standard operating procedures and guidelines in compliance with the law has begun, which will contribute to the further development of the police force.

42. Nonetheless, a number of key problems remain, such as the lack of professional knowledge and expertise, administrative management capability, lack of equipment, infrastructure and logistic support, coordination mechanisms and necessary legislation in addition to the Organic Law. In particular, the police force continues to be confronted by a lack of respect for discipline and human rights. Incidents of human rights violations and other abuses of authority by the police continue to be reported frequently. The situation is compounded by the fact that neither the Inspectorate nor the Professional Ethics Office is sufficiently resourced, and they are therefore not able to undertake investigations into all reported incidents of violations. It will take time to resolve these problems and continuing international assistance will be crucial.

43. Recently, a large number of long-barrelled weapons was purchased for the national police, bringing the total number of such weapons available for the police to 453. My Special Representative and the Prime Minister have agreed that the police should not carry such weapons in public places and that clear limitations on the use of such weapons should be formulated.

44. In the coming six months, UNMISSET civilian police advisers will focus their efforts on contributing to the transformation of PNTL into a non-political, impartial and professional police service by providing training and mentoring with the aim to improve the professional and technical capacity of the national police to the requisite levels in accordance with international standards. They will remain co-located with their Timorese counterparts in national police headquarters, in all districts and in specialized police units to facilitate their interaction. This assistance would need to be complemented by other bilateral and multilateral assistance programmes. Necessary measures to be taken by the Government include the early adoption of related legislation such as a penal code and a criminal procedures code and various acts on immigration, transnational crime, firearms and explosives. Continuous emphasis on the need for discipline and self-control of police officers

will be critical, as will the establishment of an external oversight body at the national and district levels to address public complaints against PNTL. Strict disciplinary action against police officers who have been found responsible for human rights violations and abuse of authority, including those during the demonstrations of 20 July, will also be critical for success.

Programme III

Support for the security and stability of Timor-Leste

45. The overall security situation in Timor-Leste remained calm and peaceful during the reporting period. However, criminal activities of smuggling and illegal trading in the border areas continue. Tensions resulting from demonstrations, mainly by veterans groups, and violent incidents between martial arts groups remain a potential security threat to the country. Although Timor-Leste has not become a target, the recent terrorist bombing in Jakarta serves as yet another reminder that terrorist attacks are a real threat within the region and that preventive measures need to be taken.

46. The capacity of the Timorese defence force (F-FDTL) continues to grow, but it remains hampered by a lack of experienced personnel, appropriate training regimes, and equipment, and by limited logistic capacity. As reported in my previous report, work on the defence plan known as "Defence 2020" continues with the assistance of a bilaterally supported adviser. The defence force has conducted a new drive to recruit soldiers. Once this process is completed, the training for the 260 new recruits will start in mid-November. It is planned that F-FDTL will, for the first time in its history, use its own staff to conduct the training, with bilateral partners only providing guidance and assistance when required.

47. The UNMISSET military component continues to support the efforts of the Timorese security agencies in maintaining the security and stability of the country. While maintaining situation awareness and providing a calming presence through frequent patrols in the border areas, the military component continues to assist the development of the defence force through its skills and knowledge transfer programme to pass on technical and practical skills as well as operational experience. Five training modules, covering the areas of military policing, engineering, operational staff work, military information collection and logistic staff work, were initiated in August and September. The programme is scheduled to continue until the end of the Mission's mandate in May 2005 and will include further specialized training as well as repeated basic military skills training as required.

48. At the same time, the military component has made considerable efforts to foster close collaboration between the Timorese and Indonesian security agencies. As part of the Mission's exit strategy, the military component has established arrangements for regular meetings between the Timorese and Indonesian sides that would continue after May 2005. Following the participation of the General Commander of F-FDTL in an earlier inter-command meeting of the Force Commander of UNMISSET and the Regional Commander of the Indonesian army, for the first time the General Commander of PNTL and the Commander of the Border Patrol Unit participated in such a meeting in mid-October.

49. UNMISET military liaison officers continue to play a pivotal role in monitoring security-related developments along the border and in facilitating contacts between the Timorese and Indonesian border security agencies. As a result of their efforts, regular weekly meetings are held at various border junction points, where members of border security agencies of the two countries discuss and resolve border issues and disputes. Those meetings have helped to promote mutual understanding and trust between the Timorese and Indonesian border security agencies.

50. The UNMISET security force remains ready to provide security protection and evacuation support to the military liaison officers and other United Nations personnel, while the International Response Unit is prepared to undertake response operations in exceptional circumstances. Following the incident on 20 July and the recent bombing in Jakarta, additional personnel of the Unit were called in to reinforce the platoon deployed in Dili to protect United Nations personnel and installations.

51. Progress in the area of border security during the past six months has been slower than expected and therefore many of the factors that warrant the presence of the UNMISET military component have not changed. Despite the efforts made, Timor-Leste and Indonesia have not reached final agreement on the demarcation of their land border. The Timorese border security agencies have not yet gained sufficient capacity to manage the border affairs alone, neither have they reached the point where they can interact with the Indonesian border security agencies on their own without facilitation of the UNMISET military component. As the national police force is gaining skills and experience, its ability to meet security challenges has improved, but not to the level of providing protection and evacuation to the military liaison officers of UNMISET. The possibility of exceptional circumstances beyond the capacity of PNTL to deal with cannot be ruled out.

52. In view of the above and the fact that the current strength of the military component is already at its bare minimum, it will be necessary to retain the 477 authorized military personnel for the next six months. The military component will continue to carry out the tasks mandated by the Security Council to promote security and stability in Timor-Leste. The 42 military liaison officers will continue to facilitate contacts between the Timorese and Indonesian border security agencies and monitor security-related developments along the border; the 310-strong security force will continue to provide protection to the military liaison officers and other United Nations personnel in the country and maintain a reassuring presence. The 125-person International Response Unit will continue to undertake preventive and response operations in exceptional circumstances. While this assistance will be available until May 2005, it is imperative that Timor-Leste and Indonesia take the opportunity to intensify their efforts, including at the highest levels, to conclude an agreement on land border demarcation as early as possible. Pending such an agreement, the adoption of an interim arrangement would be necessary to facilitate the management of the border.

B. Role of the United Nations system

53. The Timor-Leste economy has shown signs of recovery: inflation has moderated in recent months and real GDP is expected to increase 1 per cent in 2004.

Expansion in the banking sector has continued. A third commercial bank began operations in August 2004, and the take-up rate for bank loans recently increased. Nonetheless, financial intermediation remains modest, as a substantial portion of bank deposits are invested abroad and formal banking services are largely limited to Dili. Government fiscal policy remains prudent. Steps have been taken to address the deep-rooted structural problems of Timor-Leste, particularly the underdeveloped private sector, and several laws such as the law on commercial enterprises have been enacted, with the aim of establishing a legal framework for business activities.

54. The World Bank is currently formulating a financial management programme to support the medium-term and long-term capacity development needs of the country's financial sector. For that purpose, the Bank led a joint donor mission late in August and early in September to identify the areas of need, which will be followed by another mission in November. As the trustee for the East Timor Trust Fund, the World Bank oversees projects in agriculture, economic capacity, education, health, petroleum and small enterprises. Since July, the Bank has completed the construction of seven new primary schools in the country, bringing to 23 the total number of primary schools that have been built. In addition, the Bank has recently begun to finance a learning and teaching guide, which will be distributed to all primary school children. In September, the demographic health survey was completed. The Bank also continues to support workshops on entrepreneurship to encourage the development of small businesses, which have attracted 1,099 participants over the last few months.

55. UNDP continues its efforts to strengthen the institutional capacity of the National Institute of Public Administration to deliver management and technical training to the country's civil servants and high-ranking government officials. In cooperation with UNMISSET, UNDP has helped the Ministry of Justice to launch the Judicial Training Centre, which since August has provided standardized, post-graduate professional training to Timorese judicial staff. UNDP is also supporting the Government's efforts in preparing local elections and in implementing veterans' and other employment programmes. Together with the United Nations Office for Project Services (UNOPS), UNDP is implementing community activation programmes in the country to increase paddy yield. In addition, with funding made available by the European Commission, UNDP and UNOPS are preparing to construct five bridges in the eastern part of the country to increase market access for rural people.

56. The World Food Programme has distributed the remaining emergency food to households affected by drought and flood and is now finalizing a programme to address food insecurity concerns for school children. The Government has also continued to implement its Recovery, Employment and Stability Programme for Ex-Combatants and Communities in Timor-Leste (RESPECT), which has completed the disbursement of US\$ 100,000 to each of the 13 districts for rehabilitation of roads, water supplies, schools and other public buildings through the employment of vulnerable groups, including ex-combatants, veterans and youths.

57. With financial and technical assistance from the United Nations Population Fund (UNFPA), Timor-Leste carried out its first national census in July, which resulted in provisional population counts down to the sub-district level. The provisional figures show a striking 17.4 per cent increase in the total population, due to the large number of returnees and the high rate of natural increase. The

population of Dili district has grown by 39.3 per cent in three years, indicating a dramatic rate of urbanization which will pose many challenges for the Government. Given the results of the census, the Government has placed renewed emphasis on implementing the national family planning policy as part of the Ministry of Health's overall reproductive health programme. UNFPA, UNICEF and the World Health Organization assist the Government by supporting relevant training for health personnel and improving health-care facilities at the district level. UNICEF provided technical support to develop the National Immunization Strategy and National Nutrition Strategy, which have recently been approved by the Ministry of Health.

58. With technical support from UNICEF, the Ministry of Education endorsed its first reform curriculum management plan for primary education to provide bilingual (Tetum and Portuguese) syllabi for all subjects up to Grade 6, which is currently being pre-tested in the country. UNICEF and UNESCO continue to provide training for primary and tertiary school-based management and teachers.

59. The Office of the United Nations High Commissioner for Refugees supports the national authorities in developing and implementing asylum procedures, enhancing capacity to undertake determination of refugee status and extend protection to those in need. Furthermore, UNICEF continues to engage the Government in child protection issues and has consulted relevant stakeholders, including young people nationally, on the draft child legislation.

IV. Financial aspects

60. The General Assembly, by its resolution 59/13 of 29 October 2004, appropriated the amount of \$85.2 million for the maintenance of UNMISET for the period from 1 July 2004 to 30 June 2005. Therefore, should the Security Council approve my recommendation set out in paragraph 65 below with respect to the extension of the mandate of UNMISET, the cost for the operation and maintenance of the Mission during the extension period will be limited to resources approved by the General Assembly.

61. As at 31 October 2004, unpaid assessed contributions to the special account for UNTAET/UNMISET amounted to \$69.3 million. The total outstanding assessed contributions for all peacekeeping operations at that date amounted to \$2,392.3 million.

V. Observations and recommendations

62. Over the past three months, Timor-Leste has made steady progress in its institution-building efforts. While preparations are under way for local elections, several initiatives have been undertaken by Timorese leaders to find solutions to the veterans issue and violence between martial arts groups so as to maintain peace and stability in the country. With the assistance of UNMISET and other bilateral and multilateral partners, the capacity of the public administration, the justice system and security agencies has grown. Nevertheless, much remains to be done in key areas, from good governance and institution-building to security sector reform. The selection of the Provedor for Human Rights and Justice, the establishment and

consolidation of legal frameworks, and the resolution of border issues between Timor-Leste and its neighbours are examples of the challenging tasks ahead.

63. In accordance with Security Council resolution 1543 (2004), an integrated technical assessment mission visited Timor-Leste early in October to review the situation on the ground, with a view to determining the feasibility of modifying the size, composition and tasks of UNMISSET, including the configuration of its police and military components. The mission sought the views of all stakeholders and also travelled to the border districts.

64. The mission concluded that, despite the notable advances achieved during the UNMISSET consolidation phase, Timor-Leste had not yet reached the critical threshold of self-sufficiency. The public administration — particularly the finance, banking and justice sectors — remains weak and fragile. Some of the 58 UNMISSET civilian advisers who provide most critical support, and should by now be serving as mentors, continue to perform line functions in key institutions today. In the area of law enforcement, PNTL still faces serious formidable challenges, including a lack of professional skills and values, policing experience, necessary equipment and infrastructure, and management and coordination capabilities. Further training is essential to bring it up to the desired level of professionalism, competence and skills. The key role played by the UNMISSET civilian police advisers in providing training and mentoring of PNTL remains indispensable. For training programmes currently under way to be fully implemented and completed by May 2005, it will be necessary to retain the authorized strength of 157 civilian police for the coming six months. With regard to support to the security and stability of Timor-Leste, the country's border with Indonesia remains to be defined. While bilateral relations between Indonesia and Timor-Leste have improved, particularly at the highest level, the 42 military liaison officers are required to facilitate contacts between the border security agencies and to monitor security-related developments. This small international presence along the border, supported by the UNMISSET military component, which has an authorized strength of 435, continues to be regarded as an important confidence-building mechanism by the Timorese population.

65. In view of the above, the situation on the ground does not warrant any modification of the Mission's tasks as mandated by the Security Council in resolution 1543 (2004). In the current circumstances, any change of the composition or size of UNMISSET, including those of the police and military components, could compromise its ability to carry out its responsibilities. At our meeting on 4 October 2004, Prime Minister Alkatiri expressed appreciation for the assistance that has been provided by UNMISSET since May 2004. Since then, at meetings with my Special Representative, the President and the Prime Minister have expressed the hope that there will be a six-month renewal of the mandate of UNMISSET in its current form and structure. I therefore recommend retaining the Mission with its current tasks, configuration and size until 20 May 2005. This final period of six months would allow the key tasks of UNMISSET to be completed and gains made thus far to be consolidated.

66. At the same time, the Mission will need to focus increasingly on preparing its exit strategy during the coming six months. The objective is to make sure that, when UNMISSET departs, the country can continue to function without suffering significantly from the impact of its withdrawal. This requires that UNMISSET redouble its efforts to encourage the increasing involvement and ownership of the

Timorese in the Mission's three programme areas and to identify forthcoming bilateral or multilateral partners. In doing so, UNMISET will need to ensure that, when it leaves the country, its responsibilities can be taken over by the Timorese, with the continued assistance of the United Nations system and bilateral donors. I am glad to note that the donors' conference is now scheduled for March instead of June as originally planned.

67. The funds, programmes and specialized agencies of the United Nations system and other development partners have complemented the role of UNMISET in assisting the institution-building process of Timor-Leste. During the next six months, their further support will be even more critical in facilitating a smooth transition from a peacekeeping operation to a sustainable, traditional, development assistance framework. I appeal to all bilateral and multilateral partners of Timor-Leste to enhance their cooperation with UNMISET to achieve such a transition.

68. I am confident that relations between Timor-Leste and Indonesia will further strengthen with the joint efforts of the Timorese leaders and the new Government of Indonesia. I call on the two countries to spare no efforts to solve their pending bilateral issues, in particular the demarcation of their land border.

69. I commend the efforts made by the Serious Crimes Unit to complete investigations by November 2004 and to conclude trials and other activities by May 2005 in accordance with Security Council resolution 1543 (2004). At the same time, I firmly believe that the perpetrators of the serious crimes committed in 1999 in East Timor should be brought to justice. I repeat my previous call for the full cooperation of Member States to ensure that impunity does not prevail. I intend to continue to explore possible ways to address this issue with a view to making proposals as appropriate.

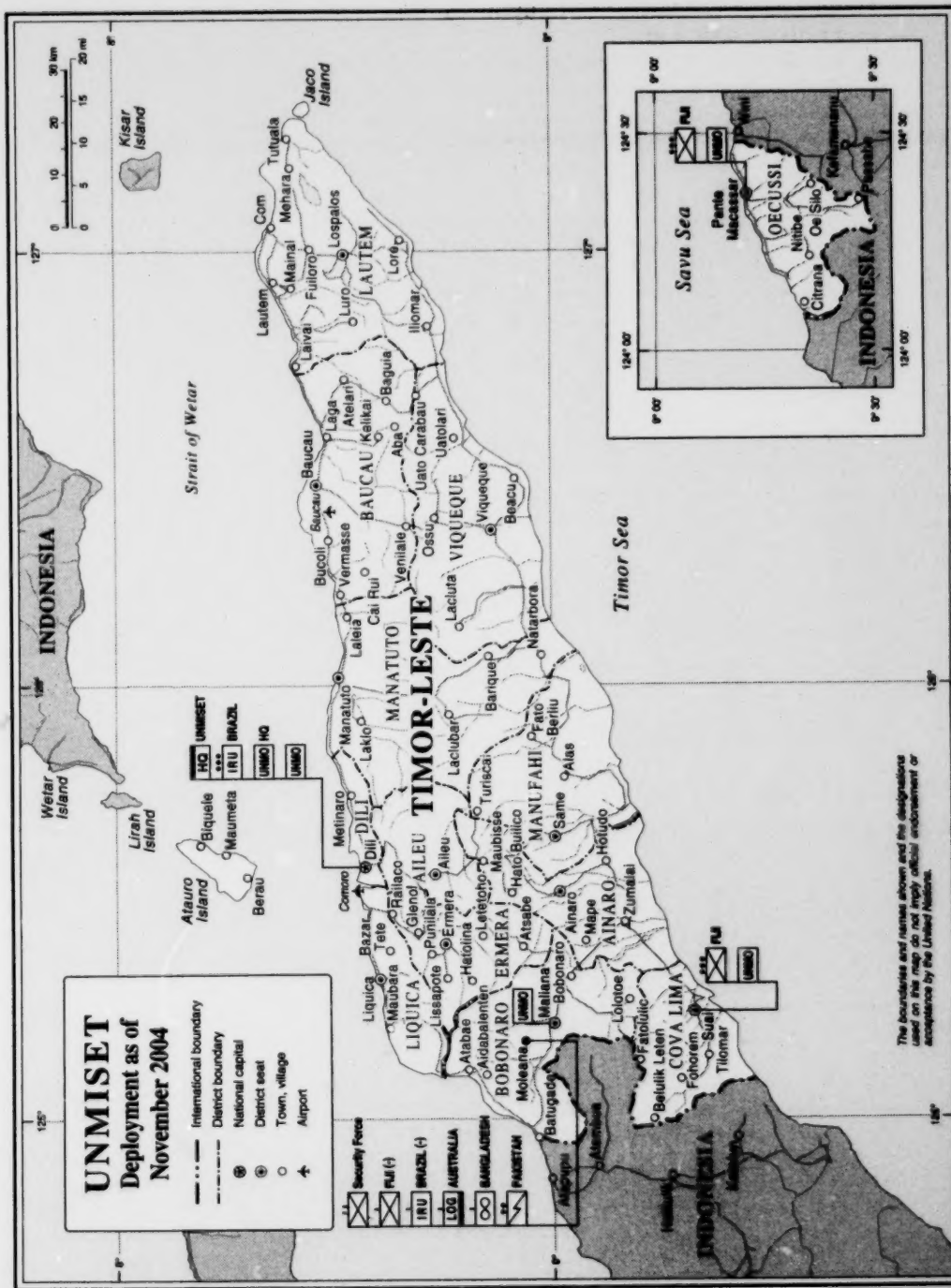
70. In conclusion, I would like to pay tribute to my Special Representative, Sukehiro Hasegawa, as well as the members of the civilian, police and military components of UNMISET for their dedicated efforts in discharging the Mission's mandate.

Annex

United Nations Mission of Support in East Timor: civilian police and military strength

(as at 31 October 2004)

	<i>Civilian police</i>	<i>Troops</i>	<i>Military observers</i>	<i>Total</i>
Argentina	1	-	-	1
Australia	17	94	3	114
Bangladesh	3	34	2	39
Bolivia	-	-	2	2
Bosnia and Herzegovina	2	-	-	2
Brazil	5	135	4	144
China	16	-	-	16
Denmark	-	-	2	2
Fiji	-	137	-	137
Ghana	4	-	-	4
Jordan	3	-	2	5
Malaysia	21	5	6	32
Mozambique	-	-	2	2
Nepal	2	-	2	4
New Zealand	-	1	2	3
Norway	2	-	-	2
Pakistan	10	19	3	32
Philippines	13	-	3	16
Portugal	17	5	5	27
Russian Federation	1	-	2	3
Samoa	4	-	-	4
Spain	5	-	-	5
Sri Lanka	1	-	-	1
Sweden	2	-	2	4
Turkey	6	-	-	6
Ukraine	3	-	-	3
United States of America	9	-	-	9
Zambia	1	-	-	1
Zimbabwe	2	-	-	2
Total	150	430	42	622



Department of Peacekeeping Operations
Cartographic Section